

Q1. Why is the city building a new City Hall when the current City Hall meets the city's needs?

The city is building a new City Hall in order to (1) manage its real estate assets for the highest and best use, and (2) to attract new private development which expands the city's tax base and creates jobs. The current City Hall site is eligible for new gaming development and other mixed-use development. The city has a feasibility agreement with the Cordish Company to explore developing a new hotel-casino, "Live!" entertainment district, and a professional sports arena on the current City Hall site and land east of Las Vegas Boulevard owned by the city. The city also has a development agreement with the CIM Group to reopen the Lady Luck by investing \$100 million in building renovation, and for CIM to develop new retail and hotel development on the property surrounding the historic U.S. Post Office. Combined, the Forest City development, Cordish development and CIM development total \$4.1 billion in projected private investment and 13,441 permanent jobs. While this full build-out is not guaranteed, the project does position the city to reap the tax benefits and jobs as development occurs over time.

Q2. Why build the project now? Why couldn't the city wait?

The opportunity for this project by this developer (Forest City) is available now. The city could have waited, but not moving forward could have meant losing development commitments from both Forest City and the Cordish Company. Both of these developers are financially strong and are looking to invest private capital in the city. The city also chose to move forward now because the construction cost and the financing costs are very reasonable. The financing cost is 5.2 percent, due in large part to the use of Build America Bonds. Build America Bonds are due to expire at the end of 2010, so the financing cost could have been more expensive in the future.

Q3. How can the General Fund afford the payment? Isn't this mortgaging the city's future?

The city can afford the payment. There is no payment in the first three years, and the first full payment (\$13.4M) isn't due until FY2017. The full payment is less than 3 percent of total General Fund revenues. The city typically has spent 5 – 6 percent of its General Fund on capital projects, and so the lease payment should easily fit within our future capital project funding plans. Even with this project, the city's total debt load is the second lowest in Nevada, and the city maintains very high credit (AA rating).

Q4. Why not spend money on other projects, like fire stations or parks?

Today, the most important investment the city can make is in a project that will create jobs. The City Hall project will create new permanent jobs from Forest City's private office and hotel-casino development. Also, unlike a new fire station or new park, the City Hall project does not increase the city's operating and maintenance (O&M) budget. In fact, the city's O&M budget will decrease (by at least \$500,000 annually) because the building is more energy efficient.

Q5. Why can't the Redevelopment Agency make the full City Hall payment?

The Redevelopment Agency's annual budget is estimated at \$25 to \$27 million, roughly 5 percent of the total General Fund budget. While the agency may have revenue to make the payment in the future, the city likely will need the General Fund to help with that payment if agency money is diverted to other projects or is insufficient for some reason.

Q6. Didn't the city really choose the new City Hall project over keeping city jobs?

No. The General Fund budget shortfalls are occurring in this current fiscal year (\$36 million) and will expand in fiscal year 2011 (\$69 million), whereas the first partial lease payment (\$3.5 million) is not due until fiscal year 2013. General Fund budget reductions were inevitable and the City Hall is not impacting the actions necessary to balance the 2011 budget. On the other hand, the city is making an investment in its future to attract new private development and investment, which should generate new tax revenue. Restrepo Consulting Group has found that it takes approximately 18 private sector jobs to support one public sector job once projects become operational. The 13,441 permanent jobs that could be created

through the combined private development facilitated by the relocation of the City Hall could also create about 740 new public sector jobs.